

**Managed Risk Medical Insurance Board
March 1, 2006**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H.

Ex Officio Members Present: None

Staff Present: Lesley Cummings, Denise Arend, Laura Rosenthal, Vallita Lewis, Janette Lopez, Tom Williams, Carolyn Tagupa, Adriana Alcala, JoAnne French

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

REVIEW AND APPROVAL OF MINUTES OF JANUARY 18, 2006, MEETING

A motion was made and unanimously passed to approve the minutes of the January 18, 2006, meeting

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Designation of Community Provider Plans for 2006-07

Carolyn Tagupa explained that the Community Provider Plan (CPP) is the HFP plan in a given county that has demonstrated to MRMIB that it has the most traditional and safety net (T&SN) providers in that county. The CPP is offered at a \$3 monthly discount to subscribers. Plans provide MRMIB with a listing of the T&SN providers by county. If there is a 15% or less difference in scores for plans in the county, the plans are audited to validate the T&SN providers the plans claim they have.

Ms. Tagupa provided the Board with the list of 2006-07 CPP designations by county, including scoring details. The CPP changed in Sacramento and Stanislaus Counties. An audit is still being conducted in Ventura County. Staff will report on the CPP results for Ventura at the March 22 meeting.

Cherie Fields, Local Health Plans of California, requested that for next year's CPP process the Board revisit two issues. While the central purpose of choosing plans that demonstrate T&SN services has not changed, Local Health Plans of California believes the process has reached a level of sophistication that needs

to be re-examined. First, plans should not “get credit” in a given county for hospital services provided to a county resident out of the county. Doing so favors the large plans and disadvantages the small ones. Secondly, the scoring for clinics does not take into account the type of clinic or beneficiaries. Ms. Fields pointed out that Department of Health Services (DHS) recently designed an auto assignment feature for Medi-Cal managed care that does consider these features. She suggested the Board consider it.

Leah Morris, Health Net’s State Health Programs, said that Health Net would have concerns about the DHS auto assignment method. She thanked Carolyn Tagupa, as well as other staff, for their work on CPP designations.

Chairman Allenby thanked Ms. Fields and Ms. Morris for their comments and directed staff to work with stakeholders to ascertain if the Board should revise the CPP scoring.

Approval of HFP Plan Contract Amendments for 2006-07

Denise Arend asked for Board approval of the 2006-07 contract amendments for health, dental, and vision plans. These include the minor changes to contracts presented at the Board’s September meeting and adoption of rates for the 2006-07 benefit year. The rates also presume that MRMIB will modify the benefit package for HFP to include polycarbonate lenses as a vision benefit.

A motion was made and unanimously passed to approve the contract amendments and rates negotiated by staff. The Board also adopted authorizing Delta Dental to provide services to currently enrolled subscribers in Santa Barbara in the next benefit year despite the fact that its rates exceeded the family value package boundary. The Board did so after making a finding that the number of subscribers in Santa Barbara who would be adversely affected if Delta completely closed in that county met the criteria established in regulations for this exception.

Presentation by Health Net and Universal Care on the Proposed Assignment of Universal’s HFP Health and Dental Plan Contracts

Ms. Arend announced that Dave Meadows, President, State Government Operations for Health Net, and Jeff Davis, Chief Operating Officer for Universal Care, were present to ask the Board’s consideration of their proposed assignment of Universal’s health and dental contracts to Health Net. She drew the Board’s attention to a summary of the proposal which Health Net prepared.

Mr. Meadows explained that Health Net is in the process of acquiring certain business assets of Universal Care, which include Universal’s health and dental contracts with MRMIB. The Department of Managed Health Care (DMHC) has approved the assignment, which is expected to close by March 31. Universal

Care will continue as a medical group and be a Health Net provider. Mr. Meadows indicated that in deference to HFP's open enrollment process which begins in April, the plans were proposing that subscribers presently enrolled with Universal not be defaulted into Health Net until after completion of open enrollment. He assured the Board that the guiding principles of the assignment will be to ensure that members have continuity of care and access. He noted that subscribers won't be confused by the confluence of assignment and open enrollment because of the timing the plans propose. Health Net is committed to working with staff to achieve these goals. During the transition period of April 1 through June 30, Health Net would assume full responsibility for Universal Care's performance, but business will be conducted under the name of Universal Care to avoid confusing members. On July 1, Universal subscribers would default to Health Net unless they selected a different plan during the open enrollment process.

Mr. Meadows pointed out that Health Net is very experienced and has the needed protocols to maintain a high level of service. Health Net already has contracts with 98% of Universal's providers and is working to achieve 100%. At this time, only six providers, representing approximately 50 members, and one medical group representing 123 members still need to be contracted with. Health Net will diligently pursue contracts with all providers and should have 100% of providers in place by July 1. Health Net will honor all outstanding authorizations during the transition to ensure no interruption of care. It will try to make the transition as easy as possible on MRMIB staff.

Mr. Davis said he had little to add to Mr. Meadows' comments. Universal Care has been grateful for the opportunity to participate in HFP and will continue to work as a sister company in the community. Universal Care understands the problems and risk that occur during a transition, and will work vigorously to ensure that the transition go as smoothly as possible.

Mr. Figueroa asked what will be done to ensure adequate staffing at Universal Care, and if Medi-Cal had this same concern. Mr. Davis replied that Medi-Cal did have the same concern. He said long term employees will be offered a bonus to stay and that others will receive a severance package designed to entice them to stay. Universal will facilitate getting staff new jobs, but staff would be asked to finish their job requirements during the transition before beginning with a new company. Additionally, he has hired vendors who will serve as back-up.

Dr. Crowell pointed out to Mr. Davis that this assignment in effect negates their contract with HFP wherein the plans indicated they would provide service for at least three years. She asked that Health Net affirm its intention to remain as an active HFP plan for the full contract period. Mr. Meadows provided this assurance and indicated that Health Net is interested in expanding its involvement in government programs. This is one of the reasons for the transaction with Universal.

Chairman Allenby pointed out to staff that this is the third assignment to occur in HFP, each one having been handled differently. He directed staff to design a method for handling assignments so that plan partners are clear on the ground rules and that these should provide for consistency, fairness, and an understanding on the part of the plans as to what to expect in future assignments. Mr. Figueroa requested that consistent with MRMIB traditions staff work with MRMIB's partners in developing the concepts and allowing them the opportunity to weigh in. Ms. Cummings gave her assurance that staff will work with the public and submit recommendations for handling assignments during next year's contract amendment process.

Virginia Gottlieb asked Health Net for assurance that it will be monitoring the quality and timeliness of services Universal provides during the transition. She underscored the need to retain adequate staff during the period and the necessity of making the transition as seamless as possible for subscribers. She asked how subscribers' questions will be addressed. Mr. Meadows replied that in order to avoid confusion everything will look the same to subscribers, including the same phone numbers. Health Net will closely monitor the accuracy and timeliness of responses to questions. Mr. Davis added that Universal Care is working closely with Health Net to ensure a smooth transition.

Chairman Allenby asked if there were any further questions or comments; there were none. A motion was made and unanimously passed to authorize the Executive Director or her designee to permit the requested assignment subject to resolving all issues to staff's satisfaction.

There being no further business to come before the Board, the meeting was adjourned.